



Recommendation for Action

File #: 21-1024, **Agenda Item #:** 52.

1/27/2021

Posting Language

Approve an ordinance authorizing the issuance and sale of City of Austin Rental Car Special Facility Revenue Bonds, Taxable Series 2021, in a par amount not to exceed \$170,000,000 in accordance with the parameters set out in the ordinance, authorizing related documents, approving the payment of related fees and costs of issuance, and providing that the issuance and sale be accomplished by June 30, 2021.

Lead Department

Treasury

Fiscal Note

This item has no fiscal impact.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885, Mukesh "Mookie" Patel, Chief Officer, Business and Finance Officer - ABIA, 512-530-5022, Rajeev Thomas, Deputy Chief - Finance - ABIA, 512-530-6688

Council Committee, Boards and Commission Action:

January 12, 2021 - Approved by the Airport Advisory Commission 10-0-0-1 vote, with Commissioner Owens absent:

Additional Backup Information:

The City of Austin Rental Car Special Facility Revenue Bonds, Taxable Series 2021, (the "Bonds") are being issued to refund the outstanding \$137,565,000 City of Austin Rental Car Special Facility Revenue Bonds, Taxable Series 2013 (the "2013 Bonds"). The City's financial advisor, PFM Financial Advisors LLC., has advised that refunding the 2013 Bonds will provide needed cash flow relief in the next few years to offset the loss in revenue due to COVID-19. The refunding will result in savings to the City.

The 2013 Bonds being refunded were originally issued to finance the construction of the Consolidated Rental Car Facility (the "CONRAC"), which opened in 2015. The CONRAC was designed and constructed to provide additional public parking and additional space for the Rental Car Companies (the "RACs") operating out of the Austin-Bergstrom International Airport ("ABIA"). The construction was funded by the 2013 Bonds, which are supported solely by the revenue generated through the customer facility charges ("CFCs") collected by the RACs operating out of ABIA.

The City, through the Department of Aviation, entered into a Master Lease with Austin CONRAC, LLC ("Austin CONRAC"), a single purpose entity wholly managed by the RACs. Austin CONRAC entered into sublease agreements with the RACs for use of the CONRAC to provide rental car concessions. Pursuant to the sublease agreements with Austin CONRAC, the RACs each lease office space, counter, and customer service areas, ready/return parking stalls, vehicle staging spaces, and storage facilities in the CONRAC. In addition,, the RACs entered into Concession Agreements with the Department of Aviation. The base rental for the CONRAC was set at \$900,000 annually with the option to adjust the rate at 5-year intervals throughout the term of the Master Lease.

Estimated debt service cost for Bonds is estimated as follows:

	2020-2021	Average Per Year
Principal	0.00	6,805,227
Interest	<u>1,186,964.56</u>	<u>3,601,264</u>
Total Debt Service	1,186,964.56	10,406,491

The CFC Charges are the principal and only source of revenue pledged as security for the issuance of the Bonds. The City will never be liable in any manner for the payment of the Bonds.

In order to provide the City with the flexibility to respond quickly to changing market conditions, the proposed ordinance delegates the authority to the City Manager or the City's Chief Financial Officer (the "Pricing Officer") to complete the sale of the Bonds in accordance with the parameters in the ordinance. Additionally, the authority of the Pricing Officer to exercise the authority delegated by Council under this ordinance expires on June 30, 2021.

This transaction will be sold through the following underwriting team:

Senior Manager
Wells Fargo

Co-Managers
JPMorgan
Jefferies LLC
Siebert Williams and Shank & Co., LLC

For this bond transaction, PFM Financial Advisors LLC will serve as financial advisor, McCall, Parkhurst & Horton L.L.P. will serve as bond counsel, Norton Rose Fulbright US L.L.P. will serve as disclosure counsel, and Haynes and Boone, L.L.P. will serve as underwriter's counsel.

Strategic Outcome(s):

Government that Works for All.